Apparel and Textiles Market - Industry Sector Analysis [ISA]

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The report provides an overview of the apparel and textile industry in Russia, the U.S. competitive position in the market, as well as the best market access practices. While local production goes down in Russia, the Russian population relies heavily on imports of apparel and textiles. The apparel and textiles market has plenty of opportunity for both high quality expensive goods and lower quality inexpensive products.

SUMMARY

In recent years, with the growing purchasing power and consumption of the population in Russia, the textile and apparel industry market has continued to grow.

According to a study "Future of the Russian Consumer Sector", recently published by Renaissance Capital, domestic consumption by individuals in dollar terms will double by 2011. Domestic consumption is projected to grow faster than GDP and Russians are expected to spend less on food and clothes and increase spending on cars and services. According to Renaissance Capital, Russian GDP will double by 2010 (from $347 billion in 2002 to ($719 billion in 2010). Average real income per capita will also double by 2010 from $1023 a year in 2002 to $2087 in 2010 (Vedomosti newspaper, August 8, 2003).

In general, last year was a successful year for the Russian economy. GDP grew by 4.1 percent, production volume grew by 3.7 percent, real income grew by 8.8 percent. One of the most amazing economic indicators was the growth of retail turnover, which rose by 9.1 percent. Some experts attribute GDP growth last year to the rise in retail turnover and an increase in the price of oil (a major Russian export commodity).

According to the State Statistics Committee, in the first half of 2003, major economic indicators in Russia continued to grow. Industrial output went up by 6.8 percent (compared to the H1 of 2002). Production continued to grow in the major industry sectors in Russia, but in the light industry (which includes textiles, apparel, footwear and leather/fur industries) it dropped by 0.8 percent (in sub-sectors, production dropped in the clothing and textile sectors, but grew in the footwear, leather and fur industry sectors.)

The Russian population relies heavily on imports of apparel and textiles. The apparel and textiles market has plenty of opportunity for both high quality expensive goods and lower quality inexpensive products. According to market analysis by one of the major retail chains in Russia, about 60 percent of the Russian population buys products in discount shops, and about 6 percent of the population buys goods in supermarkets and newly constructed malls. A large segment of the population still continues to shop in the open markets (some of them have recently been roofed) that offer inexpensive food products and low quality apparel, textiles and consumer goods. At the same time, the Russian middle class continues to grow and with it, the demand for high quality imported goods. Italy, Germany, Poland, Finland, Spain and France are the major players in the market for imported high quality apparel and textile industry products. The market is far from being saturated and there is an opportunity for U.S. apparel to enter the Russian market. U.S. wool fabrics, denim and high quality synthetic fabrics are believed to have the most potential in the Russian market. Generally, U.S. brands are widely recognized and are very popular in Russia.

A. MARKET HIGHLIGHTS & BEST PROSPECTS

Background and Statistical Data

The textile and apparel industry in Russia is one of the 15 major industries that are closely reviewed by economists for statistical analysis of the Russian economy. In 2002, it occupied 12-th place according to its economic indicators. The textile and apparel industry provides jobs to over 800,000 people (80 percent of this number are women) and includes about 16,000 enterprises (with 2,800 small and medium sized companies). The above statistics were recently released by the Ministry of Economic Development and Trade of the Russian Federation.

In 2000, helped by the low value of the ruble resulting from the 1998 financial crisis, the Russian textile and apparel industry achieved increases in production of 22 percent. Imports accounted for 40 percent of the total market. In 2001, the situation changed, and while local production was still on the rise (5 percent growth), it showed a slow down compared to the previous year. By 2002, imports started to dominate the market and imported products constituted 60 percent of total market, while national production accounted for 40 percent. In 2003, imports are estimated to have occupied 75 percent of total market for apparel and textile products.

In 2001, overall apparel and textile industry output totaled $3,010 million (88.8 billion rules) against market volume of $14,068 million (415 billion rubles) (statistics released by the Ministry of Economic development and Trade of the Russian Federation, published by Interfax Daily Business Report of April 21, 2003). In 2002, $22,764 million (about 700 billion rubles) were spent by the Russian population on purchasing apparel and textile industries goods (which accounts for 20 percent of overall volume of purchased goods).

Unlike the Russian economy in general, in 2002, the textile and apparel industry in Russia declined. In 2002, the textile and apparel industry accounted for 1.5 percent of the country's GDP (compared to 12% in the former USSR) and 1.2 percent of budget revenue. Production volume decreased considerably. While local production in the textile and apparel industry is going down, imports have started to gradually dominate the market. Exports of apparel and textile products are mainly made up of production manufactured by foreign companies in Russia on commission with the use of low cost Russian labor. For example, last year goods made on commission accounted for 80 percent of total Russia exports of apparel and textile products, and 25 percent of the total production of apparel and textile products.

Unfortunately, a considerable segment of imported goods enter the country without being officially accounted for (up to 40 percent, according to some estimates). Many small shops produce and sell apparel without being licensed for it. A considerable amount of apparel, textiles and footwear that is brought into the country is not registered at the customs.

Table 1. Textile and Apparel Industry Market
(in USD millions; including fabrics, textile products and footwear)

	2001	2002	2003
A. Total Market Size	4,213.2	4,364.5	4,582.7
B. Total Local Production	2,738.9	2,864.5	3,007.7
C. Total Exports	788.2	900.0	945.0
D. Total Imports	2,262.5	2,400.0	2,520.0
E. U.S. Imports	19.879	21.559	11.305

(Note:
1. 2003 column provides an estimate;
2. In 2001 USD1 = R29.5
in 2002 USD1 = R31
in 2002 USD1 = R30;
3. U.S. Imports statistics show H1 2003 textiles and apparel imports, and do not include footwear)

Sources for Table 1:
Russian Statistics Annual 2002
Russia in Figures 2003
USDOC/ITA/Office of Textiles and Apparel, Trade and Data Division reports.

Following below are three tables showing U.S. exports to Russia in several product categories in textile and apparel industries where the U.S. occupies one of the top six places:

Table 2. HS code 57.03. - Carpets and Other Textile Floor Coverings, Tufted, Whether or Not Made Up

Totals imports: $ 24,826,000
Including (in declining order):

1. Belgium $11,964,300
2. Ukraine $ 5,472,300
3. United States $ 1,739,400
4. France $ 1,225,000
5. United Kingdom $ 755,800

6. Germany $ 608,200
7. Poland $ 583,200
and others.

Table 3. HS code 61.15.12. - Pantyhose and Tights of Synthetic Fibers Measuring per Single Yarn 67 Decitex or More, Knitted or Crocheted

Total imports: $5,536,300
Including (in declining order):

1. Italy $3,761,800
2. Lithuania $ 686,800
3. Poland $ 449,500
4. United States $ 166,000
5. Germany $ 117,600
6. China $ 86,700
7. Yugoslavia $ 76,200
and others.

Table 4. 64.06. - Parts of Footwear

Total Imports: $32,386,900
Including (in declining order):

1. Italy $5,914,400
2. Germany $4,383,700
3. China $3,660,400
4. Poland $3,626,600
5. Finland $2,936,000
6. United States $1,244,100
7. Austria $1,227,400
8. Czech Republic $1,200,100
and others.

The following statistics were released by the Ministry of Industry and Science of the Russian Federation in April, 2003 (reported by Interfax News Agency):

Table 5. Production of Main Categories of Goods in Textile and Apparel Industry in 2002 and 2003, and dynamics of industry development:

Product	2002	1 Quarter 2003	1 Quarter of 2003 compared to 1 Quarter of 2002 (percent)	First Half of 2003	1 Half of 2003 compared to 1 half of 2002 (in percent)
All Fabrics (in million sq.meters), including:	2,849	712	97.7	N/A	N/A
Cotton fabrics	2,326	584	97.3	1,146	98.8
Woolen fabrics	50.4	12.3	90.8	22.3	88.3
Flax Cotton	138.0	36.5	102.7	77.6	110.6
Silk fabrics	148.0	35,3	94.8	70.5	93.9
Socks and hosiery (in mln. pairs)	286	64.4	101.5	137.4	96.4
Knitted products (in million pieces)	124.0	29.9	97.7	61.8	96.0
Coats (thousand pieces)	2,355	411	83.1	749	76.8
Suits (thousand pieces)	5,022	1,209	102.5	2,608	107.1
Dresses (thousand pieces)	4,741	1,037	78.9	2,349	83.4
Trousers (million)	14.6	4.3	127.3	9.675	128.2
Skirts (thousand pieces)	2,353	521	107.8	1,003	92.1
Shirts (thousand pieces)	6,071	1,247	97.8	2,946	97.9
Leather goods (in million sq. decimeter), made of:					
Box-calf	1,176	239.5	132.1	684	127
Yuft (Russian leather)	101	26.3	110.5	46	121.1
Hard leather	73.8	10.2	42.9	27.7	51.6
Imitation soft leather (million sq. meter)	29.2	6.6	91.8	14.1	100.1
Footwear (million pairs)	41.2	10.4	109.9	21.3	106.2

(Note: Statistics for the first half of 2003 were provided by No. 5, 2003, Textile Industry magazine, in an article by Mr. Zhukov, pp. 4-10.)

Market Trends and Best Prospects

According to the State Statistics Committee, in the first half of 2003, major economic indicators in Russia continued to grow. Industrial output grew by 6.8 percent (compared to the H1 of 2002). Production continued to grow in the major industry sectors in Russia, but in textile and apparel industry it dropped by 0.8 percent (in sub-sectors, production dropped in the clothing and textile sectors, but grew in the footwear, leather and fur industry sectors.)

In the first quarter of 2003, textile industry production shrank by 4.9 percent, production of all types of fabrics slightly decreased (except for flax cotton).

The table below provides comparative dynamics of the light and textile industries development in recent years.

Table 6. Comparative Dynamics of Apparel and Textile Industries Production in 2003
(In percent, compared to the corresponding period in 2002)

Sub-sectors	January	February	March	1 Quarter
Textile industry	93.5	95.7	96.0	95.1
Clothing industry	97.9	95.4	101.8	99.2
Leather, fur and footwear industries	109.2	100.8	110.4	106.7

Over 55 percent of enterprises operated with a loss. About 70 percent of products are manufactured by 312 enterprises (of this number, there are 40 textile mills, 150 clothing manufactures, 60 - footwear, 25 leather and 26 fur goods producers, and 11 producers of mane-made leather and tape). These basic enterprises' equipment needs are estimated at 55 billion rubles. Only 52 percent of production facilities are in operation at cotton fabric mills, 30 percent at silk producers, 28 percent at linen and knitted goods production enterprises, 29 percent at footwear manufacturing facilities and 49 percent at hosiery and socks manufacturing enterprises.

The major reasons for the decline include the following factors:
- Up to 80 percent obsolete equipment (only 1.5 percent of enterprises operate with equipment which is under 5 years old, and 20 percent of all enterprises in the light industry use equipment 20 years old),
- Increasing cost of services in Russia: in 2000-2002 electricity prices grew by 65.7 percent; gas by 84.2 percent, railroad tariffs increased by 60.1 percent;
- Lack of adequate financial means for equipment purchases and introduction of new technologies,
- High interest on loans, lack of financial support,
- Lack of knowledge and implementation of marketing technologies (only 10 percent of Russian enterprises have marketing divisions/units within their structures).

The Russian Government is considering measures to overcome the above obstacles. The Ministry of Industry and Science is proposing to cut import duties on imported equipment and components for the industry which are not produced in Russia. According to the Ministry's estimates, the loss from imports will be about $100 million, but revenue from tax payments and increases in production will be $150 million.

The Ministry of Industry and Science also released statistics on unaccounted-for imported products in the light industry. According to the Ministry, unaccounted-for imports outnumber local production of clothing by 350 percent, that of footwear by 300 percent and knitted goods by 270 percent.

The Ministry is working out other measures to support local manufacturers and exports of apparel and textile industry production, including increase in state control over domestic market turnover in the industries' products.

The Russian Government has announced that it will take steps to protect the local market from unscrupulous competition, eliminate production losses and modernize apparel and textile industry production facilities. Lack of funding to implement the above intentions continues to be a problem n Russia. The cost of renovating equipment in the apparel and textile industries is estimated at $2 billion annually, while only around $95 million is allocated for procurement of new equipment.

Best Prospects

The following product categories may be considered as best prospect opportunities for trade with the USA:

5111 Woven fabrics of carded wool
5112 Woven fabrics of combed wool or fine animal hair
5209 4200 Cotton fabric with 85% denim
5306 Flax yarn
5309 Woven fabric of flax
5401 Sewing thread of man-made filaments
5402 Synthetic filament yarn
5407 20 Woven fabric of synthetic filament yarn from the strip
5510 Yarn of artificial staple fibers
5512 Woven fabric of synthetic staple fibers
5901-5903 Impregnated, etc, textile fabric
60 Knitted or crocheted fabrics
6104 Women's and girls' suits
6115 Pantyhose, socks and other hosiery
6406 Parts of footwear

B. COMPETITIVE ANALYSIS

Local Production

Rostextile is the major Russian manufacture of textile and apparel products. It was set up in 1990 as a successor to "Rostextile", the State Company for textile products manufacturing, under the Ministry of Textile Industry of the Russian Federation.

It includes over 400 textile production and commercial companies, as well as banking and scientific and research organizations. Rostextile is the largest manufacturer of yarn, threads, fabrics, knit wear, hosiery and socks, and apparel in Russia, and accounts for about 70 percent of total apparel and textile industry production in Russia. In certain categories, the volume of production varies from 39 to 100 percent of total production: for example, it manufacturers about 90 percent of wool yarn, wool and flax; about 50 percent of cotton yarn and fabrics.

The following are the largest Russian clothing production enterprises (most of them are part of Rostextile):

- Gloriya-Jeans Corporation, Closed JSC (Rostov Oblast)
- FOSP, Closed JSC (St.Petersburg)
- JSC Cosmos (Moscow)
- JSC Bolshevichka (Moscow)
- Mayak, Closed JSC (Nizhny Novgorod)
- Pskov Garment Factory Slavyanka, Closed JSC
- Salyut Company, Closed JSC (Moscow)
- Kovrov Garment Factory Sudar', JSC (Vladimir Oblast)
- JSC Tverskaya Shveinaya Fabrika
- Oka Garment Firm (Moscow Oblast)
- Pervomaiskaya Zarya, Closed JSC (St. Petersburg)
- Sinar Closed JSC (Novosibirsk Oblast)
- JSC Lipchanka (Lipetskaya Oblast)
- JSC Elegant Garment Factory (Ul'yanovskaya Oblast)
- Bolshevichka, Closed JSC (St. Petersburg)
- Frant, Mozhaiskoye JSC (Moscow Oblast)
- Muftolovskaya Garment Factory (Nizhegorodskaya Oblast)
- And others.

Rostextile plays an important role in the textile industry as a primary coordinator of economic and commercial industry activities, and it is an active member in the Committee for Entrepreneurship in the textile and light industries in Russia with the Russian Chamber of Commerce and Industry.

To better serve the interests of the industry, Rostextile initiated the organization of Federal Wholesale Trade Fairs for light and textile industry production and equipment. It set up a closed JSC Textilexpo, which organizes the Federal Trade Fairs twice a year. During the last five years, Textilexpo has been working closely with the German trade fair organizer in Dusseldorf on launching Heimtextil international trade shows within the autumn Federal Fair. The Federal Trade Shows have grown into the largest textile industry venue in Russia, with over 2,500 participants this year in the XXI Federal Fair. These trade shows has gained international recognition. Foreign companies and trade associations constitute over 10 percent of total participants in the Federal Trade Fairs.

U.S. Competitive Position

In 2002, Dupont set up a subdivision in Russia called Dupont Tekstil' I Inter'yer (Eng. - Dupont Textiles and Interiors - DPI). Dupont's annual sales of hi-tech materials to Russia exceed $100 million. The company is planning to bring together 40 plants in Russia that use Lycra to manufacture their product. DPI is investing over $50 million in market research for the project. DPI plans to start production of nylon fiber, polyester and Lycra in Russia, with estimated annual turnover of $6.5 billion. DPI is expected to start operating independently of Dupont by the end of 2003.

The U.S. company Columbia has been working in Russia for a number of years through SportMaster, a major Russian distributor of sporting goods and apparel. SportMaster has an exclusive distributorship agreement with the U.S. firm.

Exports by other U.S. companies are mostly insignificant. The following U.S. firms have been exporting fabrics to Russia in 2003:

Culp, Inc. (mainly upholstery fabrics), American Cotton Grovers (denim), Remeks Enterprises, DFG USA, Sunfor Corporation, Trelana Limited, Maybell Manufacturing Corporation, Marko International Inc., Alex Nikoles Agency BSL, KRC Ventures, Ltd., Unita Holdings LLS, Performance Textiles Inc., Light Inc. and others.

Third Country Competition

Italy, Germany, Poland, Finland, Spain and France are the major players in the market for imported high quality apparel and textile industry products. At the same time, the most aggressive exporters of textiles and apparel to Russia are China and Turkey, Pakistan, as well as India and Taiwan.

Generally, high quality U.S. textile fabrics are very popular in Russia, the cost being the primary factor holding back potential U.S. exports. Also, many Russian companies are willing to become distributors for U.S. firms, but only a few of them have the experience and resources to import from the USA. A number of Russian companies that the Commercial Service contacted in preparation of this report, advised that they were not willing to work with the USA directly, because they could satisfy their needs in fabrics from Europe. They said they regularly attended the Heimtextil International Trade Show in Germany that provided a broad overview of the world's market for fabrics including U.S. firms. (By the way, in January 2003, the U.S. Department of Commerce organized a USA Pavilion at the show with 29 direct exhibitors from the USA; total number of U.S. firms at the show - about 100. USDOC is planning on organizing a USA Pavilion in 2004, as well, and the Commercial Service strongly recommends participation in it. The participation ensures exposure of U.S. product to both European and Russian businesses).

Russian companies prefer to work with European and Asian firms, because they are historically and geographically closer and have a better understanding of each other's business (commercial) practices.

Among other factors contributing to the high level of competition are the following:
- Transportation costs from Europe are very low. Russian firms bring merchandize from Europe by truck;
- European firms, especially from Italy, organize numerous events to attract Russian buyers, such as trade missions, to show their product, manufacturing and storing facilities in Italy. Such events are often sponsored by the organizers;
- European and Asian firms regularly participate in international trade shows in Russia, where they organize National pavilions funded by Governments of their counties. For example, the following countries regularly organize national pavilions at the Federal Wholesale Trade Fair for Light and Textile Industries Products and Equipment: Italy, China, Poland, Taiwan, Czech Republic, South Korea, Lithuania and Moldova (of former USSR).

C. END-USER ANALYSIS

Russian apparel manufacturing enterprises are the major end-users of fabrics. (Please see the list of major companies above in the Competitive Situation section.) Russian furniture mills are another important end-user of U.S. fabrics - upholstery. Shatura is the largest among them.

Russian consumers constitute the largest segment of end-users of U.S. apparel and textiles. Russian consumers could be divided into several categories. According to a market analysis by one of the major retail chains in Russia, about 60 percent of Russians buy products in discount shops, and only about 6 percent of the population buy goods in supermarkets and newly constructed malls. A large segment of the population still continues to shop in the open-air markets that offer inexpensive food products and low quality apparel, textiles and consumer goods.

The new Russian middle class continues to grow and with it, grows the demand for high quality imported goods. About 10 percent of Russians with high incomes make their purchases in department stores, malls and boutiques. They prefer to buy imported clothing and footwear (mostly produced in Europe). At the same time, about 30 percent of the population (with monthly income under $60) cannot afford to buy even inexpensive locally made products and purchase imported goods from China, Turkey and Vietnam in the markets.

D. MARKET ACCESS

Import Tariffs

Imports tariffs in Russia are in general lower for raw materials, parts and components than ready-made product. With the prospect of Russia joining the World Trade Organization, import tariffs are becoming lower. The Russian Government has recently reduced customs tariffs on imports of several categories of apparel and textile fabrics by 5 percent. Nevertheless, for some categories total import charges can reach 45 percent of the invoice value.

Please see below Russian import tariffs on the major apparel and textile products:

5111 Woven fabrics of carded wool or fine animal hair 15%
5112 Woven fabrics of combed wool or fine animal hair 15%
5201 00 Cotton, not carded or combed free
5204 Cotton sewing thread, retail packed or not 5%
5205 Cotton yarn (not sewing thread) 5%
5208 Woven cotton fabrics 15%
5209 4200 Cotton fabric with 85% denim 15%
5209 49 Woven fabric of cotton 15%
5301 Flax, raw or retted 15%
5302 True hemp, raw 5%
5303 Jute and other textile bast fibers 5%
5306 Flax yarn 5%
5307 Yarn of jute & other textile bast fibers 5%
5308 Yarn of vegetable textile fibers 5%
5309 Woven fabric of flax 10%
5401 Sewing thread of man-made filaments 10%
5402 Synthetic filament yarn 10%
5402 10 1000 That of other polyamides: aramids 20%
5407 10 Woven fabric of synthetic filament high tenacity yarn 20%
5407 20 Woven fabric of synthetic filament yarn from the strip 10%
5510 Yarn of artificial staple fibers 5%
5512 Woven fabric of synthetic staple fibers 10%
5602 Felt, impregnated, coated, etc. 15%
5703 Carpets and other textile floor coverings, tafted 20%
(but not less than 05.Euro per one sq, meter)
5801-5810 Woven pile and chenille fabrics; other 20%
5901-5903 Impregnated, etc, textile fabric 5%
5904 Linoleum, floor covering with a coating 15%
(but not less than 03.Eurp per one kilo)
60 Knitted or crocheted fabrics 10%
6101 Men's and boys' overcoats, knitted or crocheted 20%
(but not less than 3 Euro per one kilo)

6102 Women's and girls' overcoats, knitted or crocheted 20%
(but not less than 3 Euro per one kilo)
6103 Men's and boys' suits 20%
(but not less than 2.5 Euro per one kilo)
6105 Men's and boys' shirts 20%
(but not less than 2 Euro per one kilo)
6107-6110 Men's, women's, boys' and girls' different apparel articles 20%
(but not less than 2 Euro per one kilo)
6111 Babies' garments and accessories 20%
(but not less than 1.5 Euro per one kilo)
6115 Pantyhose, socks and other hosiery 15%
(but not less than 2 Euro per kilo)
6201-6102 Men's, women's, boys' and girls' overcoats, not knitted 20%
(but not less than 3 Euro per one kilo)
6203-6204 Men's, women's, boys' and girls' suits, not knitted 20%
(but not less than 2.5 Euro per kilo)
6406 Parts of footwear 10%

Certification of Products

The State Committee for Standards and Certification (Gosstandart) is the government agency overseeing standards and certification issues for textile and apparel industry products in Russia. Government regulations require that a Certificate of Conformity is obtained for all imported textiles, apparel and other light industry products. The Certificate could be obtained from several agencies, including ZAO RosTest-Moscow (ZAO stands for Eng. - closed joint stock company),a recently privatized former federal agency.

Part of the process of apparel and textiles certification includes obtaining the Hygienic Certificate. Certificates of Conformity could be obtained for one- or three-year period. A three-year certification requires production facilities inspection. A group of experts (usually consisting of a RosTest expert and an expert/physician from the Sanitary and Epidemiological Surveillance Agency) who will inspect the facilities, should be hosted by a foreign (U.S.) manufacturer. All their travel expenses, including per diem ($50 per day) should be covered by the manufacturer. The cost of production facilities inspection is $300. The cost of the Hygienic certificate (which will also be issued as a result of the trip) is $200. The cost of the Certificate of Conformity is $250 for one category of product.

A one-year Certificate of Conformity may also be obtained by a Russian partner of a U.S. manufacturer. In this case, the Hygienic Certificate should be obtained prior to submitting documents for the Certificate of Conformity, from one of the Sanitary and Epidemiological Surveillance Agencies.

A Hygienic Certificate is obtained from an authorized Center of Sanitary and Epidemiological Surveillance of the Ministry of Health, and it confirms that the product complies with sanitary norms and regulations in Russia. (Note: carpeting and decorative fabrics do not require a Certificate of Conformity. Decorative fabrics and upholstery require hygienic certificate, and do not require fire retardant (FR) certification;
carpets and floor coverings require both hygienic and FR certificates.)

Along with the Hygienic Certificate and samples (one for each product), the Russian company should submit the following documents:

- Russian company registration
- The certificate of origin (for the product)
- Product quality certification documents (ISO or other)
- Contract with the U.S. company.

All documents should be in Russian (or translated into Russian; translations should be notarized.) The fee is 2,000-2,500 rubles, which is approx. $60-80.

It is very important to obtain the certificate prior to shipping the product, because one (the receiving party) has to pay a considerable fee for each day the shipment has not cleared customs.

Market Access and Successful Practices

· Exhibiting in trade shows and participating in conferences in Russia, participating in U.S. National Pavilions at the international trade shows
· Organizing presentations to introduce new product
· Training of personnel, organizing training and exchange programs
· Advertising through industry publications in Russia
· Cooperation with Russian firms. Supplying samples for show rooms
· Developing favorable financial terms and conditions of contracts (use of credit)
· Utilizing the U.S. and Commercial Service products and services (see description of major services at the end of the report).

Upcoming Events with U.S. Commercial Service Participation

1. "4M" (Men's Fashion), February 11-14, 2004

February 11-14, 2004, the U.S. Commercial Service will organize a catalog show of U.S. products at the "4M" International Trade Show in Moscow. "4M" means "for Men", the show will be held for four days, February 11-14, 2004, and will be organized with consideration of the following four important principles:

- Specialization (for men);
- Structure (four days - four main topics);
- System of marketing communication;

- Modern trends and creativity
in fashion, apparel, accessories, footwear, hats and gifts for men.

2. Decotex 2004 International Trade Show, April 6-9, 2004

Decotex is a decorative textiles exhibition within Mosbuild 2004, one of the largest international building materials and interiors trade shows in Moscow. The Office of Textiles and Apparel (OTEXA) of the International Trade Administration of the U.S. Department of Commerce is considering organizing with the help of U.S. Commercial Service Moscow a U.S. Product Information Booth at the subject show.

Interested U.S. companies are welcome to contact Commercial Specialist Marina Parshukova for details on participation in the above two events (marina.parshukova@mail.doc.gov).

Most Important Upcoming Trade Shows

1. Consumexpo, 01/13/04 - Consumer Goods, Apparel
http://www.expocentr.ru
2. Moda Moscow - Spring 2004, 02/18-21/04 (held twice a year, another one 08/24-28/04)
http://www.ite-expo.ru
3. MISS-MIBS-2003, 03/3-5/04 - Sporting Goods, Apparel (twice a year, in spring and autumn)
http://www.ite-expo.ru
4. Federal Trade Fair for Textile and Light Industry Products and Equipment, March 25-28, 2004 (held twice a year, in spring and autumn).
This is the largest trade show in the light and textile industries in Russia, with over 2,500 participants and about 15 percent foreign participation
http://www.textilexpo.ru

Apparel and Textile Industry Internet Information Resources

Http://www.textilexpo.ru (official website for textile association and textile trade shows - both English and Russian)
Http://www.textileclub.ru (textile companies business proposals, online matchmaking)
Http://www.textile-press.ru (news in Russian and English; matchmaking)
Http://www.lpb.ru (official website for the light and textile industries - both English and Russian)
Http://www.customs.ru (information on Customs agencies, legislation and tariffs)

Information Agencies:
Russian Cotton Council, Http://pxc.ru
ANITEX, Russian Textile Information Agency, phone/fax: +7 (095) 781-3420,
E-mail: market@cotton.ru.

U.S. Commercial Service Products and Services. U.S. Commercial Service (CS) in Moscow, which is part of the U.S. mission in Russia, invites U.S. companies interested in business opportunities in Russia to use its services. If you are able to come to Russia to explore market opportunities in person, please consider our premium Gold Key Matching Service (GKMS). Within the service, we will identify leads, arrange appointments with possible partners, agents and distributors, and accompany you to the meetings. The GKMS costs $600 for one day of meetings (follow-on days @$300). Logistical support (hotel reservation, airport transfers, transportation, etc.) is available for a separate fee.

An alternate program, effective if you cannot travel to Russia at this time, is the International Partner Search (IPS). Upon receipt of the necessary product literature from you, we will respond within 15 working days providing contact information for five qualified agents, distributors, manufacturer's representatives, joint venture partners, potential buyers, or strategic partners who have examined your materials and expressed interest in your products, services or licenses. The standard fee for a Commercial Service IPS is $480. Or CS Russia will provide you with a list of at least 10 quality contacts, contact information verified but interest not vetted, for $100. To obtain additional information on our products and services, please contact:

Please contact Commercial Specialist Marina Parshukova with questions and comments on the above report, as well as CS Moscow services.

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For additional information regarding market research specific to your products and services, ask about our Flexible Market Research and Customized Market Analysis programs by contacting us at 1-800-USA-TRAD(E) or www.export.gov or www.buyusa.com. Both reports provide timely, customized, reliable answers to your inquiries about a market and its receptivity to your products and services.
